

# NEW HAMPSHIRE STATE LIQUOR COMMISSION

## MINUTES OF MEETING – JUNE 29, 2005

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovenski, Legal Counsel; Randy Avery, Deputy Chief of Enforcement; Peter Engel, Director of Store Operations; Thomas Chagnon, Assistant Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; Evie Taft, Human Resources Administrator; George Tsiopras, Chief Financial Officer. **Guests:** Al Picconi, United Beverages, Inc.; Charles Saunders, Wineberries, Ltd.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

No financial reports were available due to year-end activities.

##### **B. Budget/Administrative Reports:**

On Wednesday, July 13<sup>th</sup> the Governor and Council will be attending a breakfast here at the Commission. Craig asked to reserve 10 spaces in the front parking lot for the Governor and Council members to park. After breakfast, they will conduct a pre-meeting.

Last Thursday, Craig represented the Commission at the IT Structural Review Committee meeting. They looked at issues arising as a result of the consolidation of IT services throughout the state. Recommendations from this committee are to be made to the State IT Council by July 25<sup>th</sup>. There will be a meeting in the first floor conference room tomorrow from 1:30 to 2:30 p.m. at which time an OIT representative will speak about the Strategic IT Plan.

George said the budget appears to be holding up. He is looking at other lines to pay some of the utility expenses. The bill for OIT estimated expenses for June has not yet been received. There is no indication right now as to what the lapse will be. George will keep the Commission posted on this. Commissioner Byrne informed those present that revenue estimates have been set at \$10.4 million for June of 2005.

#### **2. IT Report**

The liquor store POS computer system support contract with CBE Technologies was approved by Governor and Council last week.

Three CBE technicians were at headquarters yesterday receiving training on our specific environment. CBE will be supporting all of our store POS computer equipment starting this Friday, July 1<sup>st</sup>.

The 56k FRAD data circuit in the new Keene location is still being worked on by Verizon. They rebuilt the circuit last night, but there are still problems. Tom spoke with a Verizon representative this morning, and they will be working with Larry Ehlinger today to try to pinpoint where the problem may be. Tom asked Verizon for a project plan detailing the steps they plan on performing to correct the data circuit problems being observed.

The IT staff is still working through problems being experienced with the IP re-numbering project. Because of these problems, Store #1 is being changed back to its original IP address numbering scheme.

Four new HP LaserJet printers (2400) have arrived at headquarters and will be deployed within the next week – three on the second floor at headquarters and one over at the Enforcement bureau.

3. Human Resources Report: No report given.

## **II. MARKETING & SALES REPORTS**

1. Store Operations

Peter reported a very successful grand opening ceremony for the new Keene store, and he and John Bunnell thanked everyone who attended and who participated in getting the store ready. Commissioner Russell said observing the activity that went on was amazing, and also thanked everyone involved. She felt the “design/build” process was the only way to go. Peter said all the information gathered in the building process will be maintained in Store Operations files. A punch list has been developed on some things which need to be corrected. At this point, the Commission will take over to make sure this is done.

The Commission participated with the Lottery in helping to sponsor the “Sand Jam” at Hampton Beach, and contributed t-shirts for giveaways. Peter went down to observe last Thursday, and said he felt it was time and money well spent.

Chairman Maiola said the new Glen location is about three quarters finished, and should be completely ready towards the end of the July.

2. Purchasing Report: No report given.

3. Merchandising Report

A. SPIRITS:

1) August Special Offers:

a. 164 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc. (with revisions), based upon depletions for one hundred sixty-four (164) spirit items, to be featured on sale during August 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 4 additional items (unmatched) – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve additional special offers from United Beverages, Inc., based upon depletions, without matching state funds, for four (4) spirit items, to be featured on sale during August 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Tabled Items:

a. Purchase of Discontinued Product (tabled 6/22/05, Item A-2):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be removed from the table, and that the Commission deny a request from United Beverages, Inc./International Beverages for the Commission to purchase seven (7) cases of delisted Code #4540, Cles des Ducs Armagnac, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for August 2005:

a. 7 items – Charles Saunders:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Wineberries, Ltd., based upon depletions for seven (7) wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 40 items – M.S. Walker:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, based upon depletions/special purchase allowances for forty (40) wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 54 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions/special purchase allowances for fifty-four (54) wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 42 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for forty-two (42) “Red Tag” wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 126 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for one hundred twenty-six (126) wine items, to be featured on sale during August 2005, as recommended by Nicole

Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 78 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions/special purchase allowances for seventy-eight (78) wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. 6 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for six (6) summer promotion wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

h. 12 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for twelve (12) Yellow Tail wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

i. 143 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions/special purchase allowances for one hundred forty-three (143) wine items, to be featured on sale during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) M.S. Walker 25% Off Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker NH to conduct a 25% off sale scheduled for August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

3) Pinot for the People Promotion:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker of NH to conduct a “Pinot for the People” promotion featuring six (6) pinot noir wine items during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

4) Horizon Buy One Get One Half Off – August 2005:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/ Brown-Forman Corporation to conduct a “Buy One Get One Half Off” promotion featuring three (3) Fetzer Vineyard wines during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) United Buy One Get One Half Off – August 2005:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./ Connoisseur Wine Co. to conduct a “Buy One Get One Half Off” promotion featuring one (1) RH Phillips wine product during August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Purchase & Introductions:

a. Esser Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./W.J. Deutsch Company for the purchase and introduction of four (4) Esser wine products during August and September 2005, as

recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Dom Chandon Riche:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Moet Hennessy USA for the purchase and introduction of three (3) Dom Chandon wine products during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, including an increase in the amount of recommended cases. The motion was unanimously adopted.

c. Little Penguin White Shiraz:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of NH/South Corp. for the purchase and introduction of Little Penguin White Shiraz during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Angeline Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker NH/ The Martin Ray Company for the purchase and introduction of three (3) Angeline wine products during August and September 2005, including in-store tastings, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

e. El Portillo Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Pine State Trading Company for the purchase and introduction of four (4) El Portillo wine products during August and September 2005, including in-store tastings, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Four Emus, Australian Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker NH/ Pacific Wine Partners for the purchase and introduction of four (4) Emus wine products from Australia during August and September 2005, including in-store tastings, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Jibe, New Zealand Wine:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker NH/ the Cellar Door for the purchase and introduction of one (1) Jibe wine product from New Zealand during August and September 2005, including in-store tastings, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales (with a change to shelf placement in Cluster 2 stores and a reduction in the number of cases to be purchased). The motion was unanimously adopted.

7) “R” Wines for Allocation to Licensees Selected by the Broker (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) restricted wine code for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Primary Source Submissions (1 item – primary source; 6 items – exclusive agent; 9 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code from primary source, six (6) wine codes which are offered by the exclusive marketing agent, and nine (9) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Tabled Items:

a. Recommended Allocated Wines for Distribution to Selected Stores  
(tabled from 6/22/05, Item B-5):



It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and approve thirty-eight (38) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Spirits Marketing Specialist. The motion was unanimously adopted.

- b. Terrazas & Casa Lapostelle Special Purchase & Display Program (tabled from 6/15/05, Item B-4):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and approve an offer from United Beverages, Inc./Moet Hennessey USA for purchase and display of five (5) Terrazas and Casa Lapostelle wines during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – No report given.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

- 1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated June 23 through June 29, 2005. The motion was unanimously adopted.

- 2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of July 2005. The motion was unanimously adopted.

- 3. Late Items/Other:

- a. Additional Special Offer (unmatched) – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an additional special offer from United Beverages, Inc., based upon depletions (without matching state funds) for one (1) spirit item, to be featured on sale during August 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Purchase & Introduction Jacob's Creek Riesling:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Connoisseur Wine Company for the purchase and introduction of one (1) Jacob's Creek wine product during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Purchase & Display Chateau de Sancerre:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Moet Hennessey USA for the purchase and display of Chateau de Sancerre during August and September 2005, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

d. Revised September Wine Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the revised September wine sale ("Down Under Sale"), featuring Australia, New Zealand, Chilean, Argentinean and South African wines, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

e. Recommended for Second Size (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) wines recommended for second sizes, pending broker approval to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Non-Recommended for Second Size:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the non-recommendation for second size for one (1) wine item, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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